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U.S. FOOD IN STOCKHOLM

ISRAELI CITRUS SALES

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Including FOREIGN CROPS AND MARKETS

A WEEKLY MAGAZINE OF THE UNITED STATES DEPARTMENT OF AGRICULTURE
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FOREIGN AGRICULTURE

Including FOREIGN CROPS AND MARKETS

NOVEMBER 13, 1967

VOLUME V • NUMBER 46

American flags over a Stockholm sidewalk herald a U.S. food promotion in one of the city's largest department stores. See story on page 4.

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How Trade Sanctions Have Influenced Rhodesia's Tobacco

By HUGH C. KIGER
Director, Tobacco Division, FAS

Before 1966, flue-cured tobacco was the mainstay of Rhodesia's economy. It represented nearly 75 percent of the country's agricultural trade and 25 percent of its total exports.

In both 1964 and 1965, these tobacco exports amounted to over 200 million pounds and earned over $100 million. They made up about one-fourth of the flue-cured tobacco moving in world trade—a share exceeded only by exports of the United States.

Today, after nearly 2 years of the trade embargoes and sanctions that followed Rhodesia's unilateral declaration of independence (UDI) on November 11, 1965, the situation has changed drastically.

Despite the secrecy connected with the marketing and trade in Rhodesian tobacco since UDI, four effects of the trade sanctions are clear—

- There has been a reduction in Rhodesia's tobacco trade.
- Rhodesia has accumulated a large tobacco surplus.
- The country's tobacco production has been curtailed sharply.
- Rhodesia's flue-cured tobacco outlook is uncertain.

Marked reduction in trade

Before 1966, Rhodesia's domestic market took only about 5 percent of its flue-cured tobacco crop. About 66 percent usually was purchased by the United Kingdom, West Germany, and Japan. Since December 1966, these countries and other major outlets have effectively embargoed Rhodesian leaf, drastically curtailing Rhodesian exports.

Although no official data are available on Rhodesian tobacco exports in 1966, it is estimated that they were only one-fourth to one-third as great as they were in 1965.

Such countries as South Africa and Portugal and its colonies did not embargo trade in Rhodesian tobacco. However, these countries normally import only small quantities. Therefore, Rhodesian leaf moving to most other markets would have to be purchased and shipped in a covert or clandestine manner, in violation of announced embargoes by importing countries.

The following table shows 1965 and 1966 imports of flue-cured leaf from major sources by Rhodesia's onetime major outlets. It is assumed that the Rhodesian leaf imported by these countries in 1966 was produced in 1965, and therefore was not subject to the embargo.

IMPORTS OF FLUE-CURED TOBACCO—3 COUNTRIES

Origin	United Kingdom		West Germany		Japan	
	1965	1966	1965	1966	1965	1966
	Mil. lb.	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*
United States	87.9	129.0	89.7	100.5	27.5	47.3
Rhodesia	83.4	15.2	39.6	15.8	14.1	6.9
Zambia	14.2	4.0	.7	.5	0	0
Canada	36.0	39.4	1.0	1.7	0	0
India	32.7	29.1	.1	.1	1.7	3.1
South Korea	0	0	.7	14.4	0	(1)
Union of S. Africa	7.5	8.5	0	0	0	0
Thailand	0	0	4.8	7.4	3.0	3.3
Tanzania	0	2.7	0	0	0	0
Taiwan	0	0	5.5	8.3	0	0
Mainland China	0	0	4.5	9.6	0	0
Philippines	0	0	6.2	5.7	0	0
Others	1.6	11.6	.4	1.2	0	0
Total	263.3	239.5	153.2	165.2	46.3	60.6

[1] Less than 50,000 pounds.

Because of the uncertain political situation in Rhodesia in 1966, foreign tobacco importers probably followed a cautious policy in buying tobacco from other sources to replace their normal purchases from Rhodesia. However, from the table, it appears that the United States, Canada, South Korea, Thailand, Taiwan, Mainland China, and the Philippines increased their tobacco trade as a result of the embargo. In the period ahead, importers are likely to buy more aggressively from alternative sources, and several of the major producing countries are expected to expand their exports.

The embargo has definitely been an important factor in the increase of U.S. flue-cured exports, which reached a record level during fiscal year 1967 —587 million pounds, farm sales weight.

Burdensome surplus accumulates

Immediately following UDI, Rhodesian officials believed it would be possible to maintain the normal level of tobacco production and trade. Apparently, they hoped the political crisis would be resolved quickly or that exports could be maintained at a high level in spite of the trade sanctions.

Consequently, in 1966 Rhodesia produced a crop of about 260 million pounds. Although the crop was sold in secret, it is known that a large inventory remained in the hands of the government at end of the selling season.

The 1967 crop has been estimated at 200 million pounds; growers were guaranteed a return of 33 cents a pound by the government. This crop was also marketed in secrecy this year, leaving another large inventory.

It is estimated that Rhodesia now has stocks of flue-cured leaf in excess of 300 million pounds. With this large inventory and no apparent outlet for most of it, the Rhodesian Government faced a difficult decision in determining the size of the 1968 crop.

The Rhodesian Government has announced a 34-percent cut in the flue-cured crop planted this fall, which is expected to yield about 132 million pounds in 1968. To soften the blow, growers were encouraged to surrender their quotas in exchange for compensatory payments, which would be used to help finance the production of alternative or supplementary crops.

During 1967, about 924 growers surrendered their entire quotas and 36 growers a part of their quotas. The amount of tobacco surrendered is estimated at about 51 million pounds. Compensatory payments totaled about $2.6 million. Because the amount of tobacco surrendered is considerably less than the original target of 68 million pounds, the provisional quotas of the remaining growers were cut 11 percent. The cut may seriously diminish the profitability of the tobacco farms still in production.

Far left, girls try instant breakfast drink. Left, counter girl answers questions about frozen U.S. orange juice. Below, from left, U.S. Agricultural Attaché James E. Lankford, Ambassador Heath, and store president Soderberg.

American Foods Attract Stockholm Shoppers

The sign outside Stockholm's huge Nordiska Kompaniet department store promised "EASIER LIVING — good food from America" and drew crowds of curious shoppers inside for a look at the second red-white-and-blue promotion for U.S. foods in Sweden this year. Results of the October 4-15 show were excellent, with hundreds of on-the-spot sales and inquiries from Sweden's food trade.

Popular items were canned meats and vegetables, potato chips, cheese, ketchup, canned pineapple and citrus juices, instant breakfast drink, frozen foods, and turkey rolls.

Besides the many homemakers, businessmen, working girls, and young people who came to the FAS-sponsored exhibit, U.S. Ambassador to Sweden William W. Heath stopped in and attended the Rice Council luncheon for Sweden's rice trade. A reception was also given for importers and food businessmen.

The United States made a bid for the Swedish consumer's food dollar earlier this year in an American Food Festival April 24-May 8. Two Stockholm supermarkets and 11 other stores throughout Sweden cooperated with FAS in the exhibit, which coincided with a 3-day food show at the U.S. Trade Center in Stockholm.

Below left, windows in front of the department store filled with colorful displays. Below, individual company booths offered samples and encouraged sales.

The data below sum up Rhodesian flue-cured tobacco production before and after sanctions:

Marketing year	Crop weight	Average price	Growers' income
	Million pounds	*Cents per pound*	*Million dollars*
1965	[1] 246	38.5	94.6
1966	260	28.0	72.8
1967	200	32.6	65.2
1968	132	32.6	43.1

[1] Includes about 9 million pounds from Zambia.

In 3 years, total income to tobacco growers will have been reduced about 55 percent and number of growers about one-third. The 237 million pounds marketed in 1965 was produced by 2,629 growers. In 1968, 1,744 growers will grow about 132 million pounds. In other words, 885 fewer growers will produce a 45-percent smaller crop.

Outlook continues cloudy

The future course of Rhodesia's agonizing economic problems in tobacco depends, to a great extent, on whether its political problems can be resolved. At present, no solution is visible on the horizon and major tobacco-importing countries are looking to other suppliers with good-quality leaf and an assured source of supply.

Without access to most world markets, it would seem that future Rhodesian tobacco crops should be small or negligible. However, political necessity may result in the government's planning an unrealistically high target. All of which raises the question: How long can the Rhodesian Government continue to guarantee a return to growers on tobacco to be added to a surplus that is already burdensome?

Israel Harvests a Record Citrus Crop And Most of It Goes to European Users

The steady forward march of citrus production in Israel brought the total crop past the million-ton mark in the 1966-67 season for the first time, with nearly 800,000 metric tons of oranges, over 220,000 tons of grapefruit, and 40,000 tons of lemons, for a triple record. Of this large crop, only 10 percent was consumed locally; the rest moved into export, and most of it landed on the dining tables of Europe.

Israel is one of the big Mediterranean citrus producers whose large crops and nearness to the European market have limited any sizable expansion of U.S. winter oranges in that market. For grapefruit, it is currently Europe's largest supplier, and the size of its 1966-67 crop—a sixth consecutive record — further intensifies its competition there with the United States. In the 1966-67 season, Israel shipped out a total of 13.5 million standard cases of oranges, 3.3 million of grapefruit, and 546,000 of lemons —practically all to Europe. Israel has also provided increasing competition in processed citrus products, with larger quantities of citrus going into the processing sector and most of the larger output destined for export to Europe.

The first official estimate for the 1967-68 citrus crop is 1.2 million tons; and Israel is trying vigorously to arrange for advance sales to its best European customers.

Production trends

In the 1966-67 season, the proportion of grapefruit in Israel's total citrus crop (21 percent), like that of the large table-type shamouti (Jaffa) orances (58) and navel oranges (2), changed very little in comparison with recent years. However, the proportion of navel oranges and grapefruit is likely to increase as young groves reach full productivity during the next 4 years. Of the bearing grapefruit area, 59 percent was planted later than 1957, and of the navel orange area, 56 percent, whereas only 27 percent of the shamouti area was planted that recently. Most of the area suitable for oranges has now been planted. The 113,000-acre area of 1964-65 is expected to expand to a maximum of 116,250 by 1970-71.

Total f.o.b. foreign exchange earnings for fresh fruit increased to $84.1 million from $76 million in 1965-66. Average price per ton, however, decreased from $128 to $124. Israeli growers maintain that this, together with increases in production costs, has caused a decline in the profitability of citrus. They claim that they could not absorb further declines, whether due to decreasing prices abroad or to inflationary conditions at home.

Export trends

Several circumstances favored Israel's citrus exports in 1966-67. Despite fears—as in 1965-66—that bigger Mediterranean orange crops would push prices below the EEC "reference" levels and necessitate the payment of compensatory taxes on imports from outside the EEC, no such payments were necessary in either year.

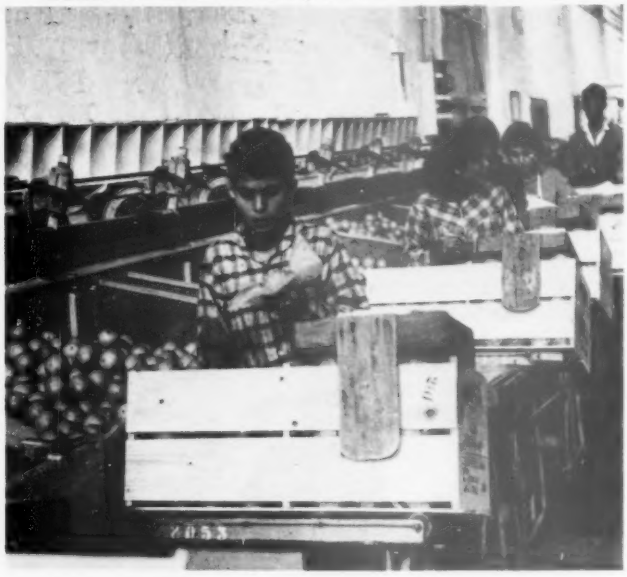
At top, young citrus grove in Sharon; above, mechanized pruning. Growers try to cut costs by reducing the percentage of culls and damaged fruits.

Freight rates to the United Kingdom—a major Israeli market—and to the Scandinavian countries remain unchanged. Rates to Germany were for the first time on a "free-in" base—vessels not responsible for loading costs—which in effect constitutes a 10-penny reduction.

Israel's orange exports to the EEC increased to 5.4 million cases in 1966-67 from 4.2 million in 1965-66, and its grapefruit exports there, to 2.1 million from 1.7 million. The EEC took 44.1 percent of Israel's total citrus exports, against 40.5 the year before.

Israel's orange exports to all the rest of Europe increased to 7.6 million cases against 7.0 million; its grapefruit exports, to 1.2 million from 1.1 million. The European Free Trade Area countries alone took 750,000 cases more of all Israel's citrus types, though their relative share of its total

Below and right, packing Jaffa oranges for export. Israel's citrus, packed in central plants like this, moves to overseas destinations under licenses from the Citrus Marketing Board.



citrus exports fell from over half to under half.

Israel's total citrus exports to Eastern Bloc countries increased by 138,000 cases, and the relative share of that area in Israeli citrus increased slightly, from 3.8 percent to 4.2. Main marketing increases were to Romania, which figured for the first time as a major buyer (215,000 cases of oranges), and to Yugoslavia, which remained Israel's largest customer in the Bloc with 204,000 cases of oranges and 151,000 of lemons.

Prospects for 1967-68 sales

The new marketing season has been preceded by lengthy negotiations and market research. A major effort has been made to increase the proportion of advance sales at fixed prices as compared with consignment sales. In England, about two-thirds of the sales have been at fixed prices. In Germany, about 77 percent have been at auction, but it is hoped that 40-45 percent of this season's sales there will be at fixed prices—a matter of particular importance because of the reference price system. Israel expects larger North African and Spanish offerings in Germany. These, it fears, will tend to push prices down and hence to result in compensatory taxes on German imports from Israel.

The reference price system also impels Israel to seek greater flexibility in marketing procedures, including rerouting shipments afloat. One aspect of this is the negotiation of new agreements with the German and British Conferences — each claiming "exclusivity" on shipments to their countries.

Israel has not enough ships for its agreed share of citrus cargoes, though Israeli ships are entitled to carry one-half of the German Conference citrus cargo, one-fourth of the British Conference line load, and one-third of the Swedish citrus cargo.

The citrus export market program has had some criticism from the industry. Unfavorable comments have been heard on slow selling to the Scandinavians; on allegedly antiquated methods of selling to the Germans; on the practice of compensating brokers for business lost because of direct sales by Israel's Citrus Marketing Board to dollar supermarket chains; and on too heavy reliance on Hamburg as the point of entry to the German market.

Of Israel's 1966-67 orange crop, 617,000 tons were shamouti; 142,000, valencia; 16,000, navel; and the balance of the 797,000 tons, mostly tangerines. For 1967-68, estimates are that figures for the three main types will rise to 692,000, 160,000, and 20,000, and the total to 895,000. The processing industry accounted for over 200,000 tons of the 1966-67 orange crop (177,000 of shamouti, 21,000 of valencia, 3,000 of navel).

Of the 40,000-ton lemon crop, 16,000 tons went into processing; and of the 222,000-ton grapefruit crop, 89,000 tons—20,000 for segments, 69,000 for juice extraction.

First exports in 1967-68 were due to begin October 8 with grapefruit from the eastern areas. However, Israel's grapefruit was 3 to 4 weeks late in maturing, owing to the delayed bloom that resulted from the long winter. This production slowdown postponed Israel's entry into the lucrative British fall and winter market for grapefruit.

Export sales of products

As in previous years, the major part of the processing industry's 1966-67 output will probably be exported. The industry worked at full capacity during the year and was therefore able to offset lower export prices. In the top Israeli market for citrus products—the United Kingdom—Israel has been running neck and neck with Commonwealth sources such as the West Indies countries for sales of canned grapefruit segments, concentrated orange juice, and single strength orange and grapefruit juices. On the Continent, Israeli citrus juices have competed vigorously with those of other Mediterranean countries and of the United States; and as world citrus supplies become even more abundant, this competition is due to accelerate.

Based on material from
VOLORUS H. HOUGEN
U.S. Agricultural Attaché, Tel Aviv

September Meat Imports Subject to Quota Down

U.S. meat imports subject to provisions of the Meat Import Act (Public Law 88-482) totaled 89.7 million pounds in September 1967—2 percent less than for the same period a year earlier when imports were 91.5 million pounds. Meat imports for the first three quarters of 1967, at 648.3 million pounds, were up 5 percent from the 616.6 million pounds for January-September 1966.

U.S. IMPORTS OF MEAT SUBJECT TO MEAT IMPORT LAW (P.L. 88-482)

Imports	September	Jan.-Sept.
	Million pounds	*Million pounds*
1967:		
Subject to Meat Import Law [1]	89.7	648.3
Total beef and veal [2]	102.7	710.9
Total red meat [3]	131.1	991.0
1966:		
Subject to Meat Import Law [1]	91.5	616.6
Total beef and veal [2]	100.6	656.3
Total red meat [3]	127.9	946.4
1965:		
Subject to Meat Import Law [1]	62.2	438.6
Total beef and veal [2]	70.9	502.9
Total red meat [3]	99.2	724.6

[1] Fresh, chilled, and frozen beef; veal; mutton; and goat meat.
[2] All forms, including canned and preserved.
[3] Total beef, veal, pork, lamb, mutton, and goat.

U.K. Lard Imports Continue Lower

Lard imports into the United Kingdom during January-August 1967 were 1 percent below those in the same period a year earlier. Although the change in total imports for the period was small, the value was down about 19 percent.

The U.S. share of the British market increased to nearly 36 percent for the first 8 months of 1967. This is up from 28 percent in 1966. Belgium followed in second place with 25 percent of the market, unchanged from a year earlier. Romania held third place, supplying nearly 11 percent of the total.

U.K. LARD IMPORTS BY COUNTRY OF ORIGIN, JANUARY-AUGUST 1966-67

Country of origin	1966		1967	
	Quantity	Percent of total	Quantity	Percent of total
	1,000 pounds	*Percent*	*1,000 pounds*	*Percent*
United States	77,650	27.5	99,348	35.7
Belgium	69,613	24.7	70,027	25.2
Romania	20,325	7.2	29,694	10.7
Poland	27,284	9.7	25,028	9.0
Denmark	19,302	6.9	15,212	5.4
Netherlands	14,407	5.1	14,593	5.3
France	13,803	4.9	10,017	3.6
Germany, West	7,810	2.8	7,555	2.7
Sweden	3,913	1.4	2,795	1.0
Bulgaria	4,091	1.5	1,896	.7
Italy	16,150	5.7	709	.3
Switzerland	3,964	1.4	626	.2
Others	3,493	1.2	426	.2
Total	281,805	100.0	277,926	100.0

Henry A. Lane & Co., Ltd.

Most other country shipments were near year-earlier levels except those from Italy, which shipped less than a million pounds in the first 8 months of 1967, compared with over 16 million during the 1966 period.

U.S. Tobacco Exports Declined in September

U.S. exports of unmanufactured tobacco in September 1967, at 59.4 million pounds (export weight) were 7.8 percent below the 64.5 million shipped out in September of last year. Exports of flue-cured, burley, and Virginia fire-cured were smaller. Exports of Maryland, however, were sharply above those of September 1966, and Kentucky-Tennesee fire-cured shipments rose moderately from the 1966 total.

For the 9-month period January-September, total exports were 386 million pounds, compared with 341.1 million for the similar period of 1966. This was an increase of 13.2 percent. The export value rose 15.3 percent.

Exports of tobacco products in September 1967 were valued at $11.4 million, compared with $11.2 million for

U.S. EXPORTS OF UNMANUFACTURED TOBACCO
[Export weight]

Kind	September		January-September		Change from
	1966	1967	1966	1967	1966
	1,000 pounds	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*	*Percent*
Flue-cured	50,003	44,669	255,405	281,912	+10.4
Burley	4,366	3,106	34,656	36,569	+ 5.5
Dark-fired Ky.-Tenn.	1,567	1,714	12,333	15,149	+22.8
Va. fire-cured [1]	795	697	3,133	3,294	+ 5.1
Maryland	183	1,298	6,018	11,221	+86.5
Green River	0	51	457	849	+85.8
One Sucker	20	91	119	778	—
Black Fat	402	227	2,756	3,108	+12.8
Cigar wrapper	451	463	3,659	2,828	−22.7
Cigar binder	167	39	1,733	1,520	−12.3
Cigar filler	618	117	1,153	614	−46.7
Other	5,915	6,967	19,673	28,121	+42.9
Total	64,487	59,439	341,095	385,963	+13.2
	Mil. dol.	*Mil. dol.*	*Mil. dol.*	*Mil. dol.*	*Percent*
Declared value	58.8	57.0	290.0	334.5	+15.3

[1] Includes sun-cured.
Bureau of the Census.

U.S. EXPORTS OF TOBACCO PRODUCTS

Kind	September		January-September		Change from
	1966	1967	1966	1967	1966
					Percent
Cigars and cheroots *1,000 pieces*	4,679	8,887	60,284	57,393	− 4.8
Cigarettes *Million pieces*	1,938	1,811	17,923	18,098	+ 1.0
Chewing and snuff *1,000 pounds*	8	16	302	231	−23.5
Smoking tobacco in pkgs. *1,000 pounds*	85	98	716	957	+33.7
Smoking tobacco in bulk *1,000 pounds*	1,513	1,780	10,172	12,551	+23.4
Total declared value *Million dollars*	11.2	11.4	97.6	104.3	+ 6.9

Bureau of the Census.

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September 1966. All categories of products, except cigarettes, showed increases. For January-September 1967, total value of tobacco product exports rose to $104.3 million, from $97.6 million last year.

Turkey's Tobacco Exports Lower

Turkey's tobacco exports in the first 6 months of 1967 totaled 103.9 million pounds, compared with 110.2 million in January-June 1966. The United States was by far the largest purchaser of Turkish leaf this year, taking 71.2 million pounds, or about two-thirds of the total. Other principal outlets included Hungary, Poland, West Germany, the Soviet Union, Italy, and East Germany.

TURKEY'S TOBACCO EXPORTS

Destination	January-June 1966	January-June 1967
	1,000 pounds	*1,000 pounds*
United States	67,112	71,163
Hungary	3,918	6,180
Poland	4,624	4,714
Germany, West	13,035	4,168
Soviet Union	948	3,157
Italy	1,503	2,565
Germany, East	4,365	2,268
Czechoslovakia	2,293	1,882
Belgium	1,494	1,880
Others	10,911	5,951
Total	110,203	103,928

Japanese Oilseed Import Pattern Changes

Some shift in Japan's import pattern of oilseeds has been indicated by the Ministry of Agriculture and Forestry in the revised estimates for the Japanese fiscal year, April 1967-March 1968.

Sunflowerseed imports, increasing sharply, were estimated at 95,000 metric tons compared with only 10,500 a year ago. Imports of rapeseed were forecast at 252,000 tons—up 30,000 over last year.

Offsetting these increases, estimates for other oilseeds were lowered, with the exception of palm kernel and soybean imports which the Ministry expects to remain at last year's levels of 22,000 tons and 2.2 million, respectively.

Revised estimates for other important oilseeds, reported in thousand metric tons (previous estimates in parentheses), are as follows: Safflowerseed 100 (150), cottonseed 230 (258), kapokseed 27 (44), flaxseed 100 (120), copra 110 (108).

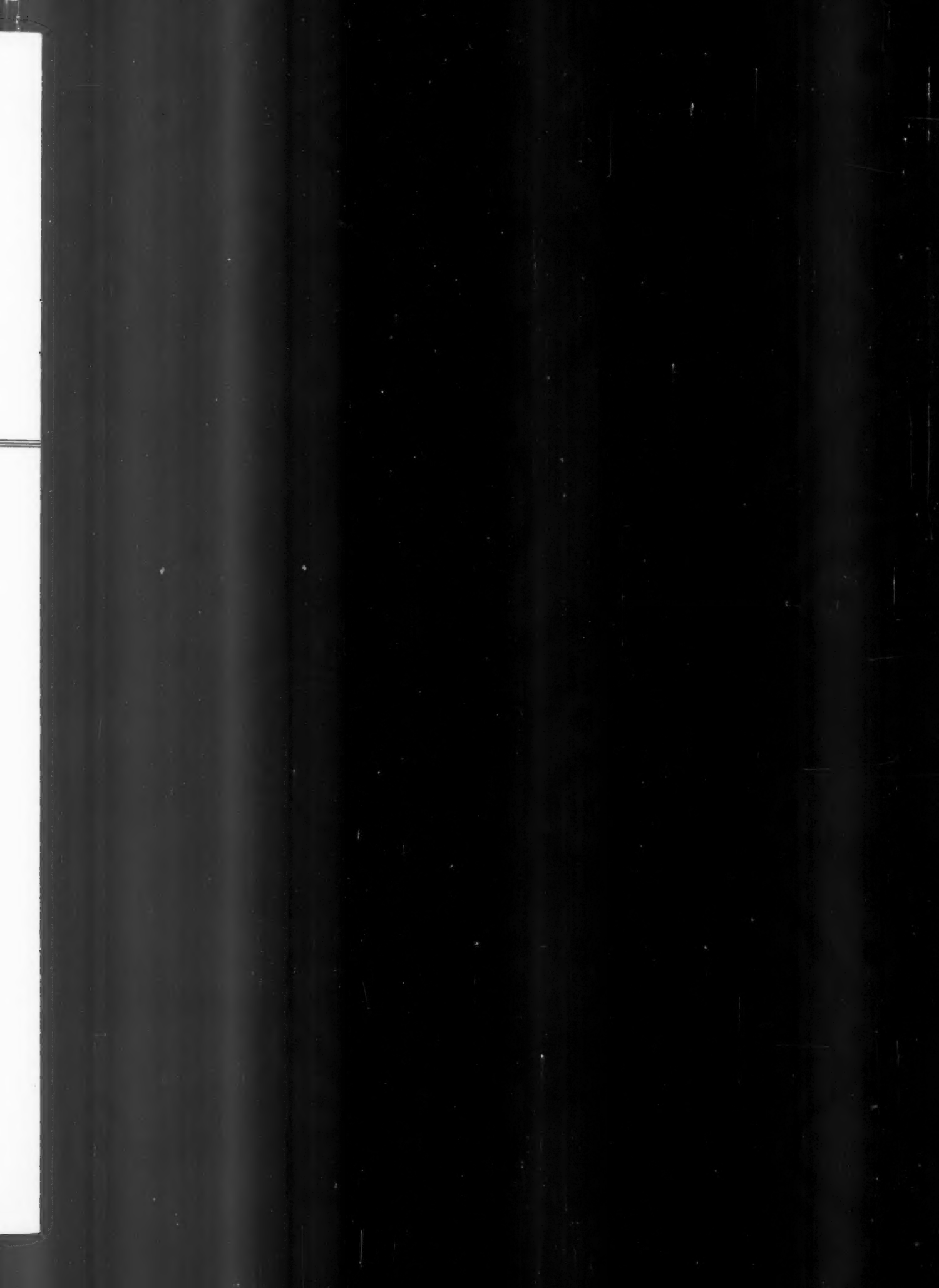
Thai Corn and Sorghum Production Decline

Thailand's 1967 corn crop has been estimated at 997,000 metric tons, down from last year's record production of 1,227,000. Thai production of grain sorghum is currently placed at 24,000 tons, sharply below the 1966 high of 97,000.

The planted area of corn was forecast higher for this year, but dry weather early in the season cut both acreage and yield. Also, a locust attack in seven provinces, eventually contained by land and aerial spraying, further reduced the crop.

Grain sorghum production increased from 20,000 tons in 1964 to 73,000 in 1965 and 97,000 in 1966. The marked increase was attributed to the expansion of grain sorghum acreage due to strong official promotion and increased foreign demand. However, in 1967 substantial acreage was diverted to corn and sugarcane production, which last year proved to return more profit. The reduced grain sorghum acreage has resulted in the smaller crop this year.

Canadian Honey Exports Reduced in 1967

Canada's honey exports, which were off 48 percent in the first 6 months of this year, are expected to end up well below the 1966 level. Current estimates place them at only 4.5 million pounds compared with 8.6 million last year—with the decline reflecting the country's lowered honey output. Prior to this year, Canadian honey production and exports had been increasing fairly rapidly.

Canada is also an importer of honey. Imports, which have remained steady for several years, should total approximately 4.3 million pounds during 1967.